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Message Text

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17
ACTION TRSE-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02 NSC-05

SS-15 STR-04 CEA-01 PA-01 PRS-01 OES-06 INT-05 /108 W
---------- 069677
R 220512Z NOV 76
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 6695
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY BONN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASST MUSCAT
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEL AVIV

C O N F I D E N T I A L KUWAIT 5457

DEPT PASS TREASURY FOR ASST SECY PARSKY'S OFFICE

E.O. 11652: GDS
TAGS: EFIN ETRA PFOR KU US
SUBJECT: PARSKY VISIT TO KUWAIT: MEETING WITH FINANCE MINISTER
ATEEQUI

REF: KUWAIT 5456

1. FOLLOWING MAIN POINTS RAISED DURING CALL BY TREASURY
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ASST SECY PARSKY ON KUWAIT FINANCE MINISTER ATEEQI NOV 20.

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(PARSKY WAS ACCOMPANIED BY AMBASSADOR, TREASURY'S JERRY NEWMAND AND EMBASSY E/C SECTION CHIEF BUCK.)

2. PARSKY ON ARAB BOYCOTT: AS DURING MEETING WITH OIL MINISTER (REFTEL, PARSKY MADE IT CLEAR THAT WE OPPOSED BOYCOTTS, BUT DIDN'T FEEL THAT THE WAY TO ADDRESS THE ARAB BOYCOTT WAS BY CONFRONTATION. HE OUTLINED ARGUMENT THAT IF ARAB COUNTRY CALLS ON US COMPANY TO CERTIFY THAT IT IS NOT DOING BUSINESS WITH A BLACKLISTED COMPANY, THIS IS NOT REFLECTION OF BASIC BOYCOTT POLICY, BUT AN EXTENSION OF IT. WHETHER COMPANY IS COMPLYING WITH RULES OF ARAB BOYCOTT, PARSKY SAID, SHOULD BE DETER-MINED BY THE COUNTRY INITIATING THE BOYCOTT, NOT BY THE COMPANY PROVIDING THE INFORMATION.

3. ATEEQI ON BOYCOTT, US/ARAB RELATIONS: IN LONG REPLY, ATEEQI EMPHASIZED THAT THERE WOULD ALWAYS BE DISAGREEMENTS, EVEN AMONG FRIENDS, AND THAT FRANKNESS WAS THE BEST COURSE. BUSINESS WAS BUSINESS, ATEEQI SAID, AND DIFFERENCES SHOULD NOT LEAD TO EMOTIONAL REACTIONS. "I DON'T SEE MUCH BOTHER," ATEEQI SAID, "IF SOME STATE HAVE PASSED LAWS" AGAINST THE BOYCOTT. BUT IT WOULD BE TOO MUCH, ATEEQI CONTINUED, IF HIGHLY RESTRICTIVE STATE LAWS, SUCH AS CALIFORNIA LAW, WERE ADOPTED BY FEDERAL GOVT. US BOYCOTTS CUBA, HAS BOYCOTTED PRC AND OTHER COUNTRIES, ATEEQI NOTED. KUWAIT BOYCOTTS RHODESIA AND IN DOING SO IMPLEMENTS UN RESOLUTIONS. NO ONE OBJECTS TO THIS. ISRAEL, ATEEQI SAID, IS BOYCOTTED FOR POLITICAL REASONS - NOT DISCRIMINATION. "I DO NOT REACT EMOTIONALLY," ATEEQI SAID, TO BIG FUSS MADE OVER ARAB BOYCOTT OF ISRAEL DURING ELECTION TIME IN US. SUCH ACTIONS SHOULD NOT HAVE SIGNIFICANT EFFECT ON GENERAL ECONOMIC RELATIONS BETWEEN US AND ARAB WORLD, ATEEQI SAID, PROVIDED THAT ELECTIONEERING DOES NOT LEAD TO ADMINISTRATION "BIASED AGAINST US". AMERICAN PEOPLE, ATEEQI SAID, COULD LEGISLATE THE WAY THEY LIKE IN THEIR OWN STATES, BUT TO HAVE THE NEW ADMINISTRATION ACT AGAINST ARABS WOULD BE SOMETHING ELSE. POLITICS - GETTING ELECTED-WAS ONE THING, ACTING IN A CERTAIN WAY ONCE ONE HAD RESPONSIBILITY WAS ANOTHER. ONCE ELECTED, US PRESIDENT WOULD HAVE TO WEIGH BROAD INTEREST OF US. KUWAIT, FOR CONFIDENTIAL

ITS PART, WOULD DO EVERYTHING TO MAINTAIN FRIENDLY RELATIONS, EVEN IF THERE WERE DISAGREEMENTS. IN RESPONSE TO ASST SECY PARSKY'S ARGUMENTS REGARDING ELIMINATING COMPLICATIONS CAUSE BY EXTENSIONS OF BOYCOTT (SEPTEL), ATEEQI SAID HE WOULD TRY TO ENSURE FLEXIBILITY IN KUWAIT APPROACH. HOWEVER, THIS WOULD CERTAINLY NOT MEAN THAT BOYCOTT WOULD END, AND GIVEN GREAT DEAL OF PUBLICITY ON SUBJECT, "FOR CERTAIN PERIOD OF TIME, MATTERS ARE LIKELY TO BE DIFFICULT,

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ATEEQI SAID. IT WOULD BE DIFFICULT FOR KUWAITIS IF IMPRESSION WAS LEFT THAT BY BEING FLEXIBLE, THEY HAD BOWED TO PRESSURE.

4. KUWAIT INVESTMENT STRATEGY: ATEEQI WENT ON TO SAY THAT WHATEVER THE CONDITION OF US/KUWAIT POLITICAL RELATIONS, THESE WOULD NOT AFFECT KUWAITI INVESTMENTS IN US. IN FACT, KUWAITI INVESTMENT IN US WAS LIKELY TO GROW. KUWAIT WISHED TO INVEST AS MUCH AS POSSIBLE IN ARAB WORLD, BUT ITS INVESTMENTS MUST BRING REASONABLE RETURN. KUWAIT WOULD ACCEPT SMALL DIMINUTION OF RETURN ON INVESTMENT IN ORDER TO INVEST IN ARAB WORLD, BUT IT WOULD NOT HURT ITS NATIONAL INTEREST BY INVESTING IN PROJECTS WHICH WERE NOT FINANCIALLY SOUND. HENCE, EVEN IF KUWAIT MADE EVERY EFFORT TO INVEST IN ARAB WORLD, WHATEVER INCREMENTAL FUNDS WERE INVESTED IN ARAB WORLD WOULD BE MORE THAN MATCHED BY SURPLUS ADDED TO INVESTMENTS IN OECD COUNTRIES.

5. KUWAITI INVESTMENT IN US: CONFIDENTIALITY OF INVESTMENT WAS IMPORTANT, ATEEQI SAID. KUWAIT POLICY WAS NOT TO OBTAIN MAJORITY INTEREST IN ANY US FIRMS, NOR WOULD IT SPECULATE WITH ITS STOCK HOLDINGS. KUWAIT WOULD NOT ENGAGE IN ANY DESTABILIZING ACTIVITY, ATEEQI SAID, SINCE ANY HARM TO US ECONOMY WOULD ALSO HARM KUWAIT, AS THE INVESTOR, ITSELF.
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